

S/015/076

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February 19, 1998

William M. Stokes
Mineral Resources Specialist
State of Utah School and Institutional
Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, UT 84102

Re: Lease ML 43260--Metalliferous Minerals

Dear Mr. Stokes:

Our client, Freemont Corporation, hereby submits its enclosed Notice of Intent to Commence a Small Mining Operation (NOI), pursuant to the terms of its above-referenced Lease in Article XII and Article VI, paragraph 4; R850-20-2400 of Rules Governing the Management and Use of School and Institutional Trust Lands in Utah (July 1997); R647-3-101, et seq., Amended and New Rules Minerals Reclamation Program (Revised October 23, 1996) and SITLA Form regarding Notices of Intent revised Nov/97.

The enclosed NOI is accompanied by the following attachments:

- Exhibit "A" - Certified Survey
- Exhibit "B" - Mining Plan
- Exhibit "C" - USGS 7.5 Series topo map of Mesa Butte Quad
- Exhibit "D" - Transparency of Mining Plan
- Exhibit 1 - Copy of Notice of Intent to Division of Oil, Gas & Mining (without attachments)
- Exhibit 2 - copies of notices to the following lessees of record:

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GP 22186 Robert E. Anderson
P.O. Box 122
Emery, Utah 84522

ML 42844 Miracle Rock Mining and Research
P.O. Box 28
Ferron, Utah 84523

ML 42844A The Rockland Corporation
6846 South Canton, Suite 100
Tulsa, OK 74136

ML 45717 The Rockland Corporation
12205 East Skelly Dr.
Tulsa, OK 74128

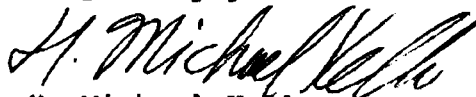
ML 47532 Thomas J. Clark & Lia M. Clark
P.O. Box 658
St. George, UT 84771

Please advise of any corrections to the names or addresses of other lessees or if any further notice is required.

As is evidenced by the NOI, the certified survey of the proposed mine site and mining plan, the Lessee, Freemont Corporation, has been engaged in diligent operations, exploration, research, or development activity which is reasonably calculated to advance development or production of the mineral covered by the lease from the leased premises. Enclosed is Freemont's check for lease rental and minimum royalties coming due at the end of the lease year in the amount of \$1,800.

I look forward to receiving notification of the extension of the Lease. Please do not hesitate to call me or William Sellier of Freemont Corporation at (435) 634-0309, ext. 129, if you have any questions.

Very truly yours,


H. Michael Keller

HMK/ch
Enclosures
cc: Freemont Corporation
Donald J. Winder, Esq.
Tamara K. Prince, Esq.

NOTICE OF INTENT TO COMMENCE SMALL MINING OPERATION

Thomas J. Clark, President of Freemont Corporation, hereby submits its following Notice of Intent to Commence Small Mining Operation on Metalliferous Lease **ML 43260** pursuant to the terms of its above referenced Lease in Article XII, and Article VI, paragraph 4; R850-20-2400 of Rules Governing the Management and Use of School and Institutional Trust Lands in Utah (July 1997); R647-3-101, et seq, Amended and New Rules Minerals Reclamation Program (Revised October 23, 1996) and SITLA Form regarding Notices of Intent revised Nov/97. A true and correct copy of the Notice of Intent to Commence Small Mining Operation submitted to the Division of Oil, Gas and Mining is attache hereto and incorporated herein as Exhibit "1."

1. PARTIES

Applicant, Operator, and Lessee: Freemont Corporation, P.O. Box 658, St. George, Utah, (435) 634-0309.

2. Lease or Permit identification number and a description of the mineral commodities to be explored or mined.

Metalliferous Mineral Lease ML 43260. Trace metalliferous minerals.

3. A detailed description of the proposed minerals exploration or mining activity, including:

a. *Location and description of all water-courses and water bodies t be disturbed.*

None.

b. *Description of types and extent of vegetative cover to be removed or disturbed.*

One half acre of Scat Pinyon Pine.

c. *Plan for the storage and transport of any explosives, chemicals or toxic materials at the site.*

None

d. *Plan for storage and disposal of solid and chemical waste and sewage at the site.*

Oils and lubes in drums, and Johnny Spots.

e. *Types and sizes of heavy equipment to be used at site.*

4. **The following maps must be submitted as part of the plan of operations.**

- a. *A U.S.G.S. topographic map at the scale of 1:24,000 or larger, showing the location of i) existing and proposed access roads to the work sites, ii) proposed bore hole sites, and iii) proposed mining sites.*

See Exhibit "B" and Exhibit "C."

- b. *A site map at a scale of note more than 50 feet to the inch, or such other scale as may be accepted by the Trust Lands Administration, showing the location and layout of i) existing and proposed surface excavations and underground workings, ii) proposed stockpile areas for topsoil, overburden and mined ore, iii) explosives, chemical and waste storage and disposal areas, iv) ore processing facilities, including screens, crushers, and wash plants, and v) other structures or storage areas.*

See Exhibits "A," "B", "C" and "D." Abandoned Mine Marker 498 marked in 1992 marks the proposed mine.

5. **Notification to commence mining shall also contain a copy of all geological logs, reports, maps and assays in the possession of or at the disposal of the lessee or permittee regarding the size, nature, extent and value of the ore body to be mined. Such information as may be physically designated confidential by the lessee or permittee shall be held protected status by the Trust Lands Administration.**

Such information was submitted previously under confidentiality pursuant to common law and all applicable statutes and regulations ensuring confidentiality and protected status.

6. **Reclamation-** *A plan for reclaiming all disturbances proposed upon trust lands by a mineral lessee or permittee must be submitted along with the above described notification of the commencement of operations. The reclamation plan shall include a commitment by the mineral lessee or permittee to perform the following work concurrent with or at the conclusion of mineral exploration and mining operations..*

Lessee shall keep the mining operation in a safe, clean and environmentally stable condition. Lessee shall remove all trash, debris, toxic materials, equipment and appurtenant structures it caused. Lessee shall permanently seal all shafts and tunnels to prevent unauthorized or accidental entry. Lessee shall re-establish and stabilize natural drainages and construct berms as needed to prevent surface erosion. Lessee shall redistribute topsoil and properly prepare seed-bed by to a depth of six inches by ripping or disking. Lessee shall re-seed disturbed areas with an adaptable species mixture at a concentration of not less than 20 lbs/ac. Lessee shall reclaim all access roads to the state they were in before lessee did anything which are not authorized by the Trust Lands

See Exhibit "B."

- f. *Location, width, length and surfacing of access roads to be constructed or improved.*

See Exhibit "B."

- g. *Location, diameter and depth of all bore holes to be drilled.*

None.

- h. *Method of mining, i.e. trenching, open pit, room & pillar, long-wall, auger, etc.*

Room & Pillar.

- i. *Location, layout and approximate dimension of all cuts, trenches, pits, tunnels or other excavations.*

See the pits and tunnels on Exhibit "B."

- j. *Description of topsoil and plan for removing, storing and protecting topsoil from areas to be disturbed.*

None disturbed.

- k. *Depth of overburden and plan for storing and disposing of overburden materials.*

None excavated.

- l. *Mining depths and heights and plan for storing and handling the leased substances to be mined.*

See Exhibit "B." The leased minerals will be hauled offsite to be stored and processed.

- m. *Plan for measuring, weighing and accounting for the quantity of leased substances mined.*

Truck Scale.

- n. *Plan for ensuring maximum economic recovery and conservation of the mineral resources.*

Mined consistent with good mining practices to recover the most mineral while ensuring the a safe work environment.

Administration to remain.

7. **Access-** *lessee or permittee must notify all surface owners and all other trust lands lessees having a legal interest in the affected lands and must, without expense to the Trust Lands Administration or the State of Utah, resolve any problems of access or tenancy prior to the commencement of mineral exploration or mining operations upon the land.*

A true and correct copy of the Notices are attached hereto as Exhibit "2."

8. **Other Agencies--***The lessee or permittee must meet all notification and permitting requirements or rules of the Utah Division of Gas & Mining, the Utah Department of Environmental Health, the Utah Historic Preservation Office and all other government agencies having jurisdiction over minerals activities which may affect natural or cultural resources.*

A true and correct copy of the Notices are attached hereto as Exhibit "1."

DATED this 17 day of February, 1998.

FREEMONT CORPORATION


Thomas J. Clark, President